

ALABAMA DEPARTMENT OF  
ENVIRONMENTAL MANAGEMENT

IN THE MATTER OF:

Honda Manufacturing of Alabama, LLC  
Lincoln, Talladega County, Alabama

ADEM Air Facility ID No. 309-0050

CONSENT ORDER NO. 18-xxx -CAP

*PREAMBLE*

This Special Order by Consent is made and entered into by the Alabama Department of Environmental Management (hereinafter, "the Department" and/or "ADEM") and Honda Manufacturing of Alabama, LLC (hereinafter, the "Permittee") pursuant to the provisions of the Alabama Environmental Management Act, Ala. Code, §§ 22-22A-1 through 22-22A-16, (2006 Rplc. Vol.), the Alabama Air Pollution Control Act, Ala. Code §§22-28-1 to 22-28-23 (2006 Rplc. Vol.), and the regulations promulgated pursuant thereto.

*STIPULATIONS*

1. The Permittee operates an automobile manufacturing plant, ADEM Air Division Facility No. 309-0050 (hereinafter, the "Facility"), located in Talladega County in Lincoln, Alabama.

2. The Department is a duly constituted department of the State of Alabama pursuant to Ala. Code §§ 22-22A-1 to 22-22A-16 (2006 Rplc. Vol.).

3. Pursuant to Ala. Code § 22-22A-4(n) (2006 Rplc. Vol.), the Department is the state air pollution control agency for the purposes of the federal Clean Air Act, 42 U.S.C. 7401 to 7671q, as amended. In addition, the Department is authorized to administer and enforce the

provisions of the Alabama Air Pollution Control Act, Ala. Code §§ 22-28-1 to 22-28-23 (2006 Rplc. Vol.).

4. On April 24, 2013, the Department issued Title V Operating Permit No. 309-0050 (hereinafter, the "Permit") to the Permittee, subject to certain conditions and requirements.

5. The following production units are among those regulated by the Permit: Motor Vehicle Assembly Plant with Water Curtains, Regenerative Thermal Oxidizer (RTO), and Low NOx Burners (Plant No. 1), Plastic Parts Coating Line (Plant No. 1), 3-30.0 MMBTU/HR Natural Gas Fired Boilers (Plant No. 1), 2-8.3.0 MMBTU/HR Natural Gas Fired Boilers (Plant No. 1), 2-8.3 MMBTU/HR Natural Gas Fired Boilers (Plant No. 2), Storage Tanks with Stage I Recovery (Plant No. 1), Aluminum Operations: LP Melting Furnace, 3-LP Die Cast Machines, and T6 Heat Treatment Process (Plant No. 1), Motor Vehicle Assembly Plant with Water Curtains, 2 RTOs, and Low NOx Burners (Plant No. 2), Plastic Parts Coating Line with Fluidized Bed Carbon Adsorption System with RTO2 (7056)(Plant No. 2), Storage Tanks with Stage I Recovery (Plant No. 2), No. 2 Aluminum Operations: HP Melting Furnace No. 2 (6002), LP Melting Furnace No. 2 (6016), 1-HP Die Cast Machine, 4-LP Die Cast Machines, 4 Sand Mold Core WJ Machines, 4 Sand Mold Core Port. Machines, No. 2 T-6 Heat Treatment Process, and Aluminum Machining, 2-Engine Test Firing Stands (Plant No. 1), 2-Engine Test Firing Stands (Plant No. 2), No. 1 Engine Test Dynamometer (Plant No. 1) w/ Incinerator Afterburner, No. 2 Engine Test Dynamometer (Plant No. 1) w/ Incinerator Afterburner, No. 2 Ferrous Machining Operations and Gas Soft Nitriding (GSN) Furnace, and Generator(s).

6. Permit Proviso Section No. 2.11 for Unit No. 1 states that:

The oven exhaust RTO (1045) shall be operated at or above the temperature (3-run arithmetic average) at which compliance is demonstrated during the initial performance test, or subsequent tests which demonstrate compliance.

7. As a result of an October 6, 2016, stack test on the oven exhaust RTO (1045), the required minimum 3-hour average temperature was established as 1525 °F.

8. Permit Proviso Section No. 2.6 for Unit No. 1 states, in part, that:

This source is subject to the BACT limits below:  
Oven Exhaust RTO (1045) shall achieve a 95% Removal Efficiency for VOC.

9. Permit Proviso Section No. 5.3 for Unit No. 1 states, in part, that:

The thermal oxidizer must have audible alarm or easily detectable signal which will provide a warning when the combustion chamber temperature decreases to less than the established minimum operational temperature. The origin and detectability of the audible or other signal shall be such that it can be readily heard or detected by the operator or another person who will immediately determine the cause and take appropriate action to correct any problem and/or record the malfunction/reason. The time, duration, cause(s), and the action(s) taken for any operating temperature less than the established minimum shall be recorded in a form suitable for inspection. These records shall be maintained for at least five years.

If the 3 hour rolling average falls below the minimum operational temperature for more than 15 minutes, the facility will cease introducing bodies to each respective coating process, but may finish processing bodies already coated through each respective flash-off/oven area or the facility will provide ADEM a statement demonstrating that process shutdown was impossible or impractical. If the facility continues to introduce additional vehicle bodies into each respective coating process and coating them after this time, this failure to shutdown may be viewed as an exceedance by the Department...

#### *DEPARTMENT'S CONTENTIONS*

10. On October 12, 2017, the Permittee submitted a letter to the Department that detailed the following:

A. The RTO media and main fan motor were replaced in the July 2017 shutdown;

B. After the change, the Central Control Room (CCR) computer logic malfunctioned and the main fan motor operated at increased speed, which resulted in higher airflow and lower temperatures in the RTO; and,

C. During this malfunction, the CCR system did not calculate the 3-hour average temperature that was to be used for compliance purposes.

11. The Department's subsequent review of the Permittee's records revealed that the malfunction resulted in 303 separate 3-hour periods during which the 3-hour average temperature was below the 1525°F minimum temperature. The minimum 3-hour temperature during these temperature excursions was 1463°F.

12. The CCR system did not alert the operator about the low temperature averages in a timely manner, in violation of the Permit.

13. On November 16, 2017, the Permittee conducted a stack test on the oven exhaust RTO (1045), at a 3-hour average temperature of 1460°F. This testing showed a destruction efficiency of 92.0% of VOC for the 3-hour period.

14. Pursuant to Ala. Code §22-22A-5(18)c. (2006 Rplc. Vol.), in determining the amount of any penalty, the Department must give consideration to the seriousness of the violation, including any irreparable harm to the environment and any threat to the health or safety of the public; the standard of care manifested by such person; the economic benefit which delayed compliance may confer upon such person; the nature, extent and degree of success of such person's efforts to minimize or mitigate the effects of such violation upon the environment; such person's history of previous violations; and the ability of such person to pay such penalty. Any civil penalty assessed pursuant to this authority shall not exceed \$25,000.00 for each violation, provided however, that the total penalty assessed in an order issued by the Department

shall not exceed \$250,000.00. Each day such violation continues shall constitute a separate violation. In arriving at this civil penalty, the Department has considered the following:

A. SERIOUSNESS OF THE VIOLATION: The Department considers the following to be serious violations by the Permittee:

(1) Failure to properly identify and report accurate minimum temperature exceedances; and,

(2) Exceeding the minimum temperature limitations during operations.

B. THE STANDARD OF CARE: The Permittee demonstrated an inadequate standard of care by:

(1) Failing to properly identify, review and submit correct minimum temperature deviations; and,

(2) Continuing to operate the Facility below the required minimum operational temperature on the RTO.

C. ECONOMIC BENEFIT WHICH DELAYED COMPLIANCE MAY HAVE CONFERRED: The Department is not aware of any significant economic benefit the Permittee may have gained due to its delayed or non-compliance with the Permit and applicable regulations.

D. EFFORTS TO MINIMIZE OR MITIGATE THE EFFECTS OF THE VIOLATION UPON THE ENVIRONMENT: The Department is not aware of any efforts to minimize or mitigate the effects of the violations upon the environment by the Permittee.

E. HISTORY OF PREVIOUS VIOLATIONS: The Department has no record of air pollution emission violations at the Facility within the last five years.

F. THE ABILITY TO PAY: The Permittee has not alleged an inability to pay the civil penalty.

G. OTHER FACTORS: It should be noted that this Special Order by Consent is a negotiated settlement and, therefore, the Department has compromised the amount of the penalty in this matter to resolve this matter amicably without incurring the unwarranted expense of litigation.

15. The Department has carefully considered the six statutory penalty factors enumerated in Ala. Code § 22-22A-5(18)c., *as amended*, as well as the need for timely and effective enforcement and, based upon the foregoing and attached contentions, has concluded that the civil penalty herein is appropriate (*See* "Attachment A", which is hereby made a part of the Department's Contentions).

16. The Department neither admits nor denies Permittee's contentions, which are set forth below. The Department has agreed to the terms of this Consent Order in an effort to resolve the alleged violations cited herein without the unwarranted expenditure of State resources in further prosecuting the above violations. The Department has determined that the terms contemplated in this Consent Order are in the best interests of the citizens of Alabama.

#### *PERMITTEE'S CONTENTIONS*

17. Honda is committed to reducing its environmental impact and creating a more sustainable society. Honda has made several recent improvements in its Alabama operations, including, without limitation: 1) all vehicles made in Alabama for U.S. customers have a new air refrigerant that improves the greenhouse gas performance; 2) transportation from HMA's Lincoln campus to the Talladega shipping rail yard is now done via CNG powered trucks; 3) during 2017, HMA manufactured its first hybrid electric vehicles in Alabama; 4) HMA is

changing fluorescent lighting to LED lighting in many locations; and 5) HMA's engine operations now use a formaldehyde free coolant in its machining operations. In addition to these recent improvements, HMA became the first zero-waste-to-landfill auto plant in North America at the outset of production in 2001, setting off an industry-leading trend within the company.

Honda understands that auto painting operations are the primary source of volatile organic compound (VOC) emissions released from its North American manufacturing plants. Honda's policy is to minimize the release of VOCs by adopting less polluting painting processes whenever possible. Honda North America has a target for maximum VOC emissions of 20 g/m<sup>2</sup> and during 2016 the actual was 14.4 g/m<sup>2</sup> (below the target).

18. At no time did HMA exceed its permitted emission limits (NSPS, BACT, or MACT) as a result of the operational violations noted in this Consent Order.

19. The operational non-compliance noted in the Consent Order relates to the temperature requirements for the regenerative thermal oxidizer (RTO) associated with the Line 1 Paint Operations, and such temperature requirements are intended to help achieve the permitted destruction rate percentage. The underlying purpose of both requirements is to help ensure that HMA does not exceed its emission limits in the permit. However, non-compliance in these areas did not result in unpermitted emissions. With regard to the assertion in the Consent Order "about lack of information as to efforts to minimize or mitigate the effects of the violations on the environment", it is important to point out that HMA has voluntarily put additional protections in place to mitigate against excessive emissions, such as coating solvent (VOC) reductions, non-VOC alternatives for cleaning/flushing solvents, and paint transfer efficiency improvements. Based upon actual data collected and the voluntary protections in place, HMA did not exceed its permitted emission limits.



20. HMA self-identified the violation and immediately notified ADEM of its non-compliance.

21. Upon discovering the non-compliance, HMA promptly corrected the compliance issues, and initiated corrective actions that are, in some cases, above and beyond the requirements of the permit.

22. Except as indicated above, the Permittee neither admits nor denies the Department's contentions. The Permittee consents to abide by the terms of this Consent Order and to pay the civil penalty assessed herein.

#### *ORDER*

THEREFORE, the Permittee, along with the Department, desires to resolve and settle the compliance issues cited above. The Department has carefully considered the facts available to it and has considered the six penalty factors enumerated in Ala. Code §22-22A-5(18)c. (2006 Rplc. Vol.), as well as the need for timely and effective enforcement, and that the following conditions are appropriate to address the violations alleged herein. Therefore, the Department and the Permittee agree to enter into this ORDER with the following terms and conditions:

A. The Permittee agrees to pay to the Department a civil penalty in the amount of \$120,000.00 in settlement of the violations alleged herein within forty-five days from the effective date of this Consent Order. Failure to pay the civil penalty within forty-five days from the effective date may result in the Department's filing a civil action in the Circuit Court of Montgomery County to recover the civil penalty.



B. The Permittee agrees that all penalties due pursuant to this Consent Order shall be made payable to the Alabama Department of Environmental Management by certified or cashier's check and shall be remitted to:

Office of General Counsel  
Alabama Department of Environmental Management  
P.O. Box 301463  
Montgomery, Alabama 36130-1463

C. The Permittee agrees that accurate temperature records for the Facility shall be kept and reviewed at least monthly by the Permittee and these records shall be submitted to the Department, at minimum, on a quarterly basis by the fifteenth day of the month following recording. This requirement shall remain in effect until the October 2018 reporting unless otherwise directed by the Department.

D. The Permittee agrees to comply with the terms, limitations, and conditions of the Permits and the Department's regulations immediately upon the effective date of this Consent Order and every day thereafter.

E. The parties agree that this Consent Order shall apply to and be binding upon both parties, their directors, officers, and all persons or entities acting under or for them. Each signatory to this Consent Order certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Consent Order, to execute the Consent Order on behalf of the party represented, and to legally bind such party.

F. The parties agree that, subject to the terms of these presents and subject to provisions otherwise provided by statute, this Consent Order is intended to operate as a full resolution of the alleged violations and/or deviations which are cited in this Consent Order.

G. The Permittee agrees that it is not relieved from any liability if it fails to comply with any provision of this Consent Order.

H. For purposes of this Consent Order only, the Permittee agrees that the Department may properly bring an action to compel compliance with the terms and conditions contained herein in the Circuit Court of Montgomery County. The Permittee also agrees that in any action brought by the Department to compel compliance with the terms of this Agreement, the Permittee shall be limited to the defenses of *Force Majeure*, compliance with this Agreement and physical impossibility. A *Force Majeure* is defined as any event arising from causes that are not foreseeable and are beyond the reasonable control of the Permittee, including its contractors and consultants, which could not be overcome by due diligence (i.e., causes which could have been overcome or avoided by the exercise of due diligence will not be considered to have been beyond the reasonable control of the Permittee) and which delays or prevents performance by a date required by the Consent Order. Events such as unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or failure to obtain federal, state, or local permits shall not constitute *Force Majeure*. Any request for a modification of a deadline must be accompanied by the reasons (including documentation) for each extension and the proposed extension time. This information shall be submitted to the Department a minimum of ten working days prior to the original anticipated completion date. If the Department, after review of the extension request, finds the work was delayed because of conditions beyond the control and without the fault of the Permittee, the Department may extend the time as justified by the circumstances. The Department may also grant any other additional time extension as justified by the circumstances, but it is not obligated to do so.

I. The Department and the Permittee agree that the sole purpose of this Consent Order is to resolve and dispose of all allegations and contentions stated herein concerning the factual circumstances referenced herein. Should additional facts and circumstances be discovered in the future concerning the Facility which would constitute possible violations not addressed in this Consent Order, then such future violations may be addressed in Orders as may be issued by the Director, litigation initiated by the Department, or such other enforcement action as may be appropriate, and the Permittee shall not object to such future orders, litigation or enforcement action based on the issuance of this Consent Order if future orders, litigation or other enforcement action address new matters not raised in this Consent Order.

J. The Department and the Permittee agree that final approval and entry into this Order are subject to the requirements that the Department give notice of proposed Orders to the public, and that the public have at least thirty days within which to comment on the Order.

K. The Department and the Permittee agree that this Order shall not affect the Permittee's obligation to comply with any Federal, State, or local laws or regulations.

L. The Department and the Permittee agree that final approval and entry into this Order are subject to the requirements that the Department give notice of proposed Orders to the public, and that the public have at least thirty days within which to comment on the Order.

M. The Department and the Permittee agree that, should any provision of this Order be declared by a court of competent jurisdiction or the Environmental Management Commission to be inconsistent with Federal or State law and therefore unenforceable, the remaining provisions hereof shall remain in full force and effect.

N. The Department and the Permittee agree that any modifications of this Order must be agreed to in writing signed by both parties.

O. The Department and the Permittee agree that, except as otherwise set forth herein, this Order is not and shall not be interpreted to be a permit or modification of an existing permit under Federal, State or local law, and shall not be construed to waive or relieve the Permittee of its obligations to comply in the future with any permit.

Executed in duplicate, with each part being an original.

HONDA MANUFACTURING OF  
ALABAMA, LLC

ALABAMA DEPARTMENT OF  
ENVIRONMENTAL MANAGEMENT

\_\_\_\_\_  
(Signature of Authorized Representative)

\_\_\_\_\_  
Lance R. LeFleur  
Director

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Printed Title)

\_\_\_\_\_  
(Date Signed)

\_\_\_\_\_  
(Date Executed)

**Attachment A**

**Honda Manufacturing of Alabama, LLC**

**Lincoln, Talladega County**

**Air Facility ID No. 309-0050**

<b>Violation*</b>	<b>Number of Violations*</b>	<b>Seriousness of Violation*</b>	<b>Standard of Care*</b>	<b>History of Previous Violations*</b>	
Failure to Identify and Report Accurate Minimum Temperature Exceedances	303	\$30,000	\$16,000		
Exceedance of Minimum Temperature Limitations	303	\$30,000	\$16,000		
Failure to Achieve 95% Destruction Efficiency	303	\$20,000	\$8,000		<b>Total of Three Factors</b>
<b>TOTAL PER FACTOR</b>		<b>\$80,000</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$120,000</b>

<i>Adjustments to Amount of Initial Penalty</i>	
<i>Mitigating Factors (-)</i>	
<i>Ability to Pay (-)</i>	
<i>Other Factors (+/-)</i>	
<i>Total Adjustments (+/-)</i>	\$0

	\$120,000
	\$0
	\$120,000

Footnotes

\* See the "Department's Contentions" portion of the Order for a detailed description of each violation and the penalty factors.